



HR0358

LRB099 11809 MST 33738 r

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HOUSE RESOLUTION

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WHEREAS, Public Act 96-0889 was passed in 2010 and established, among other provisions, a "Tier 2" pension plan; and

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WHEREAS, Public employees who began service on or after January 1, 2011 are now enrolled in what is commonly referred to as the "Tier 2" pension plan; and

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WHEREAS, The Tier 2 pension plan dramatically reduced benefits for these members of the Teachers' Retirement System (TRS) and the State Universities Retirement System (SURS); and

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WHEREAS, At the time of passage of this plan, it was estimated that this change would result in \$64 billion in savings to State taxpayers; and

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WHEREAS, Members of the Tier 2 pension plan in TRS and SURS do not participate in Social Security, and many experts believe that the Tier 2 pension plan does not provide benefits that are at least comparable to those provided by the Old-Age portion of the Social Security program; and

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WHEREAS, Failure to provide benefits at least comparable to Social Security for Tier 2 members who do not participate in

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1 Social Security could result in severe unforeseen consequences  
2 for taxpayers in the State of Illinois; and

3 WHEREAS, Illinois taxpayers need to be advised of all the  
4 implications regarding this change, especially the possible  
5 impact on property taxes, higher education budgets, and school  
6 funding; and

7 WHEREAS, The Governor has called for the mandatory  
8 participation of current Tier 1 members in the Tier 2 plan  
9 after an undetermined date; and

10 WHEREAS, It would be irresponsible to pursue such a drastic  
11 change without a federal determination as to whether or not  
12 Tier 2 participants in TRS and SURS receive benefits that are  
13 in compliance with protections provided under the Internal  
14 Revenue Code of 1986; and

15 WHEREAS, Such a change would harm thousands of working  
16 families throughout Illinois and significantly impact our  
17 universities' and schools' workforces; and

18 WHEREAS, It would be irresponsible for the State of  
19 Illinois to enact such a drastic proposal without studying the  
20 financial impact it would have on taxpayers and working  
21 families; therefore, be it

1           RESOLVED, BY THE HOUSE OF REPRESENTATIVES OF THE  
2           NINETY-NINTH GENERAL ASSEMBLY OF THE STATE OF ILLINOIS, that we  
3           urge TRS and SURS to pursue an Internal Revenue Service ruling  
4           on the compliance of Tier 2 with safe harbor provisions under  
5           Section 3121(b) (7) (F) of the Internal Revenue Code of 1986; and  
6           be it further

7           RESOLVED, That TRS and SURS provide a detailed analysis on  
8           the financial impact that the Governor's proposal would have on  
9           the members of working families who are currently in the Tier 1  
10          pension plan; and be it further

11          RESOLVED, That this report be completed prior to any  
12          consideration of the Governor's proposal to move Tier 1  
13          participants in TRS and SURS into Tier 2.